

# **SOUTH FLORIDA WATER MANAGEMENT DISTRICT**



## **Audit of the Control and Administration of Overtime In the Operations & Maintenance Department**

**Audit #97-04**

**Prepared by  
Office of Inspector General**

**Allen Vann, Inspector General  
Christian Flierl IV, Senior Auditor**

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## INTRODUCTION

### District Overtime Policy and the Fair Labor Standards Act

There are two policies that address the District's treatment of overtime, the ATTENDANCE AND LEAVE POLICY 03.30000, and the OVERTIME POLICY 03.40400.

The ATTENDANCE AND LEAVE POLICY, effective November 1982, addresses overtime in section 03.30042. It requires that overtime be authorized in advance by the employee's Division Director, only for extraordinary or emergency situations. It also allows for the inclusion of paid leave, if authorized two weeks in advance, in the calculation of overtime.

The more current OVERTIME POLICY, effective March 1987, elaborates on circumstances in which supervisors may authorize the expenditure of overtime. The OVERTIME POLICY states that overtime may be "deemed necessary by the employee's Division Director in order to meet established schedules, project deadlines, pumping operations, or the needs of an emergency situation." It further states that it is the District's philosophy to provide an overtime policy, which is "fair and equitable to all employees and economically competitive in the job market." The day-to-day administration of the policy is the responsibility of the Department Directors who are required to perform a periodic review of records to assure equity, compliance, and sound fiscal management. The policy also requires that the Division Directors "establish a system for scheduling and assigning overtime work and 'On-Call Status' in a manner that is fair and equitable to all employees in the work unit."

The OVERTIME POLICY provides for three types of overtime that an employee can earn, Regular Overtime, On-Call Status Overtime, and Call-in Supplemental Overtime.

- C Regular Overtime is available to non-exempt<sup>1</sup> employees, who are compensated at one and one-half times the regular hourly rate for all hours worked in excess of 40 in a work week. In lieu of cash, the non-exempt employee may elect to take time off at the overtime rate of one and one-half hour off for every hour worked in excess of 40 in a workweek. During FY96, regular overtime accounted for approximately eighty seven percent of the overtime paid.

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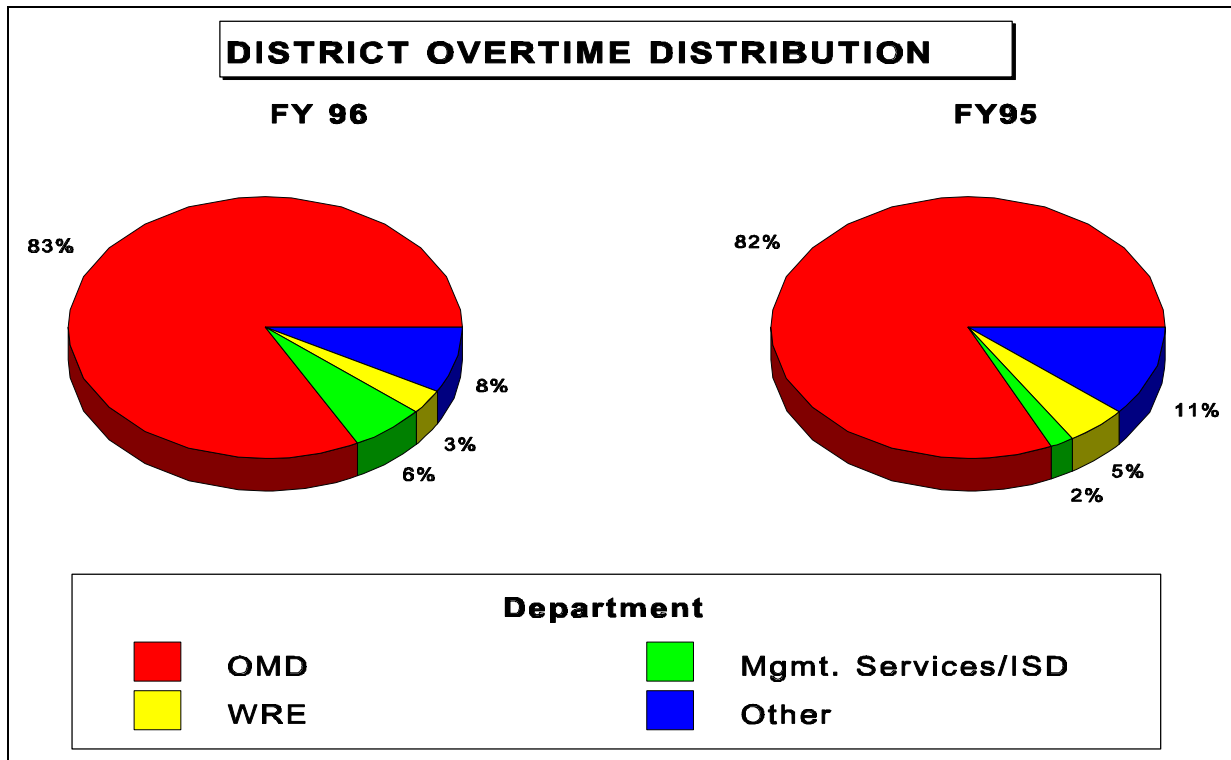
<sup>1</sup> Refers to employees who are subject to the provisions of the Fair Labor Standards Act.

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- C On-Call Status Overtime is earned when an employee has been designated as being “on-call” and makes himself or herself available to work if it is deemed necessary. Being available requires that the employee remain within 25 miles of his or her home during the designated “on-call” period. For being available, the employee earns 2 hours a day during a weekend period and a half-hour a day during weekday periods (quitting time until starting time the next day). During FY96, on-call status overtime accounted for approximately ten percent of the total overtime paid.
  - C Call-in Supplemental Overtime is earned when an employee is requested to work at a time outside of, and not continuous with, his/her scheduled working hours. For being called-in, the employee is credited for the greater of 4 hours or actual hours worked plus one hour. The employee does not have to be on on-call status to earn the call-in pay credit. During FY96, call-in supplemental overtime accounted for approximately three percent of the total overtime paid.

The Fair Labor Standards Act (FLSA) establishes minimum overtime pay requirements for workers in both the public and private sectors. It requires that all non-exempt employees be paid overtime at a rate of one and one-half times the regular rate for all hours worked in excess of 40 in a week. It does not consider holiday, vacation, sick, or any other compensated leave time or work credits as hours worked. Additionally, the FLSA permits government employees compensatory time off in lieu of overtime pay.

## District Overtime Distribution

Following is a table that summarizes how overtime was distributed throughout the various District Departments and Offices.



As can be seen, OMD's share of overtime exceeded all other departments and offices combined for FY96 and FY95. As a result of this analysis, we limited the scope of our audit to OMD.

Translated into dollars, OMD's portion of the total District overtime was \$1,648,807 and \$1,603,364 for FY96 and FY95, respectively, for which OMD had budgeted \$644,327 and \$619,155, respectively. The reason that actual overtime expenditures far exceeded the budgeted amount is because it is the District's practice to budget overtime based on an average year where normal weather conditions prevail. Overtime required for unexpected events or extraordinary weather conditions is not budgeted for. Examples of circumstances, largely uncontrollable, that may result in additional overtime include climactic conditions (heavy rainfall), system failures, exposure to the elements, and demands made by customers inside and outside of the District. Both FY96 and FY95 were years of higher than average rainfall. Additionally, OMD personnel performed the muck removal on the Lake Kissimmee Drawdown project after the contractor abandoned the project.

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Funding to cover overtime beyond that expected in a normal year is provided from a lapse fund, which represents budgeted positions that are vacant. However, during FY96 OMD received additional amounts from a contingency fund to cover the overtime incurred in the time sensitive Lake Kissimmee Drawdown project. Overall, the District did not exceed its aggregate budget authority for personnel service costs.

Notwithstanding, based upon the actual experience in FY95 and FY96, the FY97 budget was increased to \$861,000, which represents a more reasonable expectation of what OMD's overtime needs will be. During FY97 overtime costs to date have totaled \$436,576. During the first three-quarters of FY 97 OMD incurred \$382,584 of overtime, 149% less than during the same period in FY96. .

For FY96 and FY95, overtime within OMD was distributed between the Pump Station Division and the seven Field Stations as follows:

<b>Division</b>	<b>FY95 Total O/T Dollars</b>	<b>FY96 Total O/T Dollars</b>
Pump Station	\$ 811,581	\$ 468,711
Okee. F/S	142,669	216,788
Ft. Laud. F/S	137,575	138,614
Miami F/S	108,877	138,571
Homestead F/S	108,472	115,130
All Other Div.	93,320	98,971
Clewiston F/S	87,122	112,423
WPB F/S	79,317	260,269
Kssme. F/S	34,431	99,330
Totals	\$1,603,364	\$1,648,807

Source: LGFS accounting system. F/S=Field Station

Translated into hours, the seven field stations (F/S) and the Pump Station Division incurred approximately 72,000 hours of overtime in FY96 or the equivalent of almost 35 full time employees. Average overtime paid to nonexempt employees during that same period was \$3,358.

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## OBJECTIVES, SCOPE AND METHODOLOGY

The objective of the audit was to determine whether the overtime earned by employees at the field stations and Pump Station Division of OMD, during FY96, was administered:

- in accordance with District Overtime Policy,
- in a fair and equitable manner, and
- in a manner consistent with sound fiscal and human resource management principles.

We also reviewed internal controls over the administration of overtime.

Methodology included:

- Compiling overtime and compensatory time information for all OMD employees in the field stations and Pump Station Divisions.
- Reviewing the District's Overtime Policy and testing for compliance.
- Researching overtime best practices to see how the other Water Management Districts are administering and controlling overtime.
- Holding discussions with management in order to gain an understanding of how overtime is administered and to get an explanation for overtime expenditures at the seven field stations and the Pump Station Division.
- Performing detail testing by reviewing relevant documents, e.g. payroll records time sheets, etc.

Our audit was performed in accordance with generally accepted government auditing standards.

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## **FINDINGS AND RECOMMENDATIONS**

### **Summary**

Overtime was authorized for a variety of reasons during FY96. Because overtime is assigned on a predominately voluntary basis the amount of overtime that some employees were allowed to work appeared to be excessive while other employees worked very little overtime. Of the 491 OMD Field Station and Pump Station Division employees eligible to earn overtime during FY96 we observed the following:

- 446 (91%) received some overtime payment,
- 238 (48%) were paid for 100 hours or more of overtime, and
- 39 worked 400 hours or more hours of overtime of which 37 received overtime payments the equivalent of 30% or more of their base salary.

There are benefits to making overtime assignments such as the ability to react quickly to emergency situations, timely completion of important projects, and reduced staff levels. By using overtime, OMD has reduced staff and redirected 62 positions since 1992. However, there are costs associated with overtime usage, such as payment of a halftime premium and the potential for decreased labor efficiency and productivity. Excessive overtime assignment also increases the risk of accidents and injuries.

Significant progress has been made towards decreasing overtime during FY97. OMD anticipates that the Computerized Maintenance Management System (CMMS) will assist management in identifying activities that may result in overtime so that better decision-making strategies can be developed. To ensure that the distribution of overtime is fair and equitable, OMD has indicated that they will keep better track of overtime assignments through the existing overtime roster. Additionally, OMD will establish an annual maximum number of hours of overtime that an employee can work.

We found certain routine practices in the way overtime was assigned that should be revisited. For example, overtime was assigned to some OMD employees in the same pay period that they were on sick leave. The District's Overtime Policy considers sick leave hours taken as time worked for the purpose of computing overtime pay. Of the 20,440 total hours of overtime earned by OMD's top 39 overtime earners in FY96, 1,150 were earned as a result of sick leave being taken. Ten of these employees earned in excess of 40 hours overtime and one employee earned 87.5 hours of overtime as a result of taking sick leave. Including sick leave hours in the computation of overtime is a questionable practice that could lead to the abuse of sick leave. The Fair Labor Standards Act does not prohibit or require



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paying overtime in these circumstances. We found that the St. John's Water Management District and the Southwest Florida Water Management District do not include hours not worked, with the exception of holidays, in their computation of overtime pay.

The District's Overtime Policy provides that a call-in work credit be given when employees are requested to work outside of their normal working hours. During FY96, Field Station and Pump Station Division employees, combined, received 1,811 hours of call-in work credit resulting in \$45,000 of additional pay. The Fair Labor Standards Act does not require that a premium be paid when employees are called in to work outside of their normal schedule.

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## Overtime Usage

OMD does not have a firm standard for limiting the amount of overtime individuals can work. During FY96 overtime expenditures at the field stations and Pump Station Division appeared to be a common occurrence and employees often worked an excessive amount of overtime hours on a continuous basis.

Our examination of OMD field stations and Pump Station Division time records for FY96 revealed that 446 of the 491 employees eligible to earn overtime (approximately 91%) actually received overtime payments. Many of the 446 employees performed a substantial amount of overtime work. The table that follows details the frequency of hours of overtime, in increments of 100 hours, that field station and pump station employees worked.

FY96 NUMBER OF EMPLOYEES			
OVERTIME HOURS	PUMP STATION	FIELD STATIONS	TOTALS
over 900	1		1
800 to 900	2		2
700 to 800	1		1
600 to 700	0	1	1
500 to 600	9	5	14
400 to 500	9	11	20
300 to 400	11	33	44
200 to 300	7	48	55
100 to 200	6	94	100
1 to 100	9	199	208
0	1	44	45
TOTALS	56	435	491

Forty-eight percent, 238 of the 491 field station and pump station employees were paid for 100 hours or more of overtime during FY96. Thirty-nine of these employees worked in excess of 400 hours, the equivalent of more than five bi-weekly pay periods, overtime during FY96. The most overtime worked by a field station or Pump

Station employee, during FY96, was 929.5 hours. See the Appendix for further details regarding these 39 employees and OMD's explanation for the reasons that this overtime was incurred.

In addition to the amount of overtime earned, we observed the frequency that overtime was incurred by individual employees throughout the fiscal year. In some instances it was disbursed over many pay periods and was incurred on a continuous basis. For example, overtime was incurred in at least 23 out of 26 pay periods for 10 of the 39 individuals (who worked over 400 hours of overtime). Of these 10 employees, 3 worked overtime in 24 pay periods, 2 in 25 pay periods and one individual worked overtime in all 26 pay periods in FY96.

In other instances, overtime was concentrated into a few pay periods resulting in employees working an unarguably excessive amount of time. For example, in three consecutive bi-weekly pay periods, one individual in the Pump Station Division worked 109.8 hours, 121 hours and 90 hours of overtime in addition to his regularly scheduled 80 hours as detailed in the table below.

Pump Station Employee - Trades Supervisor 2			
WEEK ENDING	REGULAR HOURS	O/T HOURS	TOTAL HOURS
October 4, 1995	40.0	58.5	98.5
October 11, 1995	40.0	51.3	91.3
Total For Pay Period	<u>80.0</u>	<u>109.8</u>	<u>189.8</u>
October 18, 1995	40.0	59.0	99.0
October 25, 1995	40.0	62.0	102.0
Total For Pay Period	<u>80.0</u>	<u>121.0</u>	<u>201.0</u>
November 1, 1995	40.0	60.0	100.0
November 8, 1995	40.0	30.0	70.0
Total For Pay Period	<u>80.0</u>	<u>90.0</u>	<u>170.0</u>

A total of 320.8 hours of overtime was worked in these three pay periods, by this employee, representing over one-half of the total of 597 hours overtime worked by the employee during FY96. The employee was allowed to work between 12 and 16.5 hours a day, seven days a week, for 5 consecutive weeks between September 28, 1995 and November 1, 1995. In the three pay periods ending November 8, 1995, this employee worked the equivalent of seven normal pay periods.

Risk Management has stated that they have advised OMD management that employees should not work more than 16 hours a day and that there should be at

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least an eight hour break before employees are required to return to work. We can tell from the DTA2 generated time sheets that the 16 hour maximum was exceeded once during this period, however, it can not be determined if the eight hour break between shifts has been adhered to because the DTA time sheets do not detail arrival and departure times. We could not substantiate the justification that would allow an individual to be assigned to such a continuous work effort.

The amount of overtime worked by OMD employees significantly increased their earnings for the fiscal year. We analyzed the relationship between overtime earned and the employee's base salary. In total, 193 OMD employees earned overtime pay equivalent to 10% or more of their annual salary. Thirty-seven individuals earned overtime equal to, or greater than, 30% of their base pay. Two individuals earned overtime in excess of 60% of their base pay, the highest being 66.8%. Translated into dollars, 32 individuals earned between \$10,000 and \$15,000 of overtime pay during FY96. Seven individuals earned between \$15,000 and \$20,000, and two individuals earned in excess of \$20,000, the highest being \$27,938.

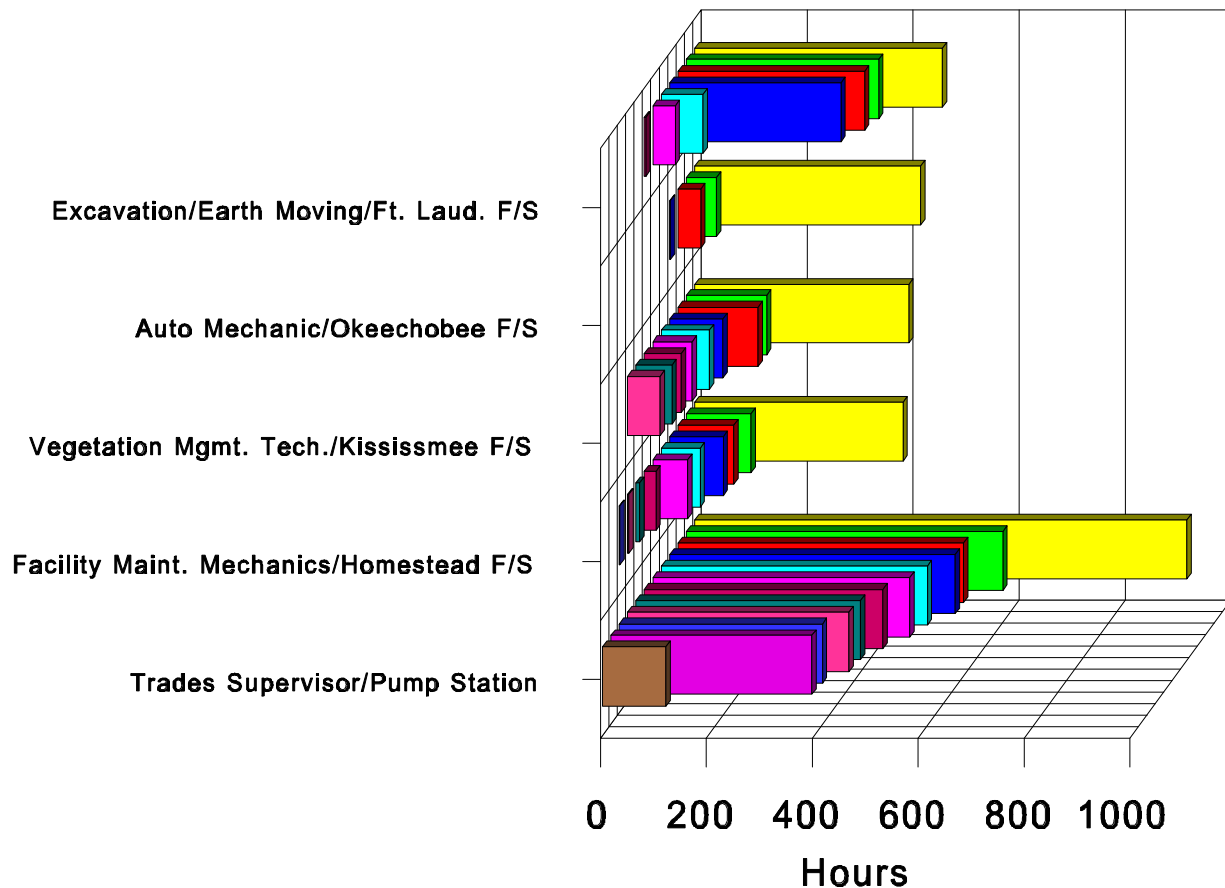
We interviewed various senior OMD managers to determine whether there is a standard methodology for assigning overtime. The field stations and the Pump Station Division assign overtime through the use of a roster, or a list, which allows employees to volunteer to work overtime or to be on on-call status. However, the reasons for refusing overtime are not documented. It is important to document employee refusals so that the District can demonstrate that everyone has been given an equal opportunity to work overtime.

The District's Overtime Policy states that it is the District's philosophy "to provide an overtime policy which is fair and equitable to all employees and economically competitive in the job market." We found that overtime is not evenly distributed to employees at the same location in the same job category. We observed significant overtime variability for employees in certain job categories (within the same division) as follows:

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<sup>2</sup> Distributed Time and Attendance reporting module of the Ross Human Resource Information System.

## Examples of Overtime Variability Within Individual Job Categories at Various OMD Locations



- C The seven Excavation/Earthmoving Operators at the Fort Lauderdale Field Station worked overtime ranging from a low of 2.50 hours to a high of 467.25 hours.
- C The four Automotive Mechanics stationed at the Okeechobee Field Station worked overtime ranging from a low of 1.50 hours to a high of 425.75 hours.
- C The nine Vegetation Management Technicians at the Kissimmee Field Station worked overtime ranging from a low of 61.25 hours to a high of 404 hours.
- C The ten Facility Maintenance Mechanics stationed at the Homestead Field Station worked overtime ranging from a low of one hour to a high of 393.25 hours.
- C The 12 Trades Supervisors 2 at the Pump Station Division worked overtime ranging from a low of 120 hours to a high of 929.50 hours.

Overtime is incurred by OMD for many reasons. OMD management categorizes overtime into three groups: (1) Non-discretionary (2) Discretionary, and (3) Customer service.

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Non-discretionary overtime encompasses such activities as emergency pumping, repairing equipment failures, and repair of facilities required to ensure the operational readiness of the Central and Southern Flood Control System.

A discretionary activity for which overtime may be incurred is primarily catching up on regularly scheduled preventative maintenance. "Slipping" in the preventative maintenance schedule occurs when manpower is redirected to handle emergency situations or when excessive rainfall events prevent scheduled maintenance. This happened in FY96 because FY95 was a particularly wet year and much of scheduled preventative maintenance for FY95 had to be deferred until FY96. However, this is not always the case. Discretionary overtime resulted from OMD's Lake Kissimmee Drawdown project, which was originally contracted out, but was ultimately performed by in-house OMD staff who incurred a significant amount of overtime. Overtime alone on this project cost the District \$256,000. According to OMD, the District made a policy decision that the environmental restoration of Lake Kissimmee was important and justified the utilization of District staff and equipment to complete the project. OMD was asked to supply the labor and equipment to complete the project prior to the wet season. The Budget Office agreed to cover the overtime dollars from the \$513,087 originally budgeted for contracting the project. In addition, the District received reimbursement from the Florida Game and Freshwater Fish Commission in the amount of \$251,698.

Customer service overtime results from work performed for other departments and also represents a significant uncontrolled cost for OMD.

The explanation given by management as to why there is so much overtime variability within job descriptions within divisions is that some individuals volunteer to work overtime while others choose to work as little overtime as possible. OMD tries to accommodate the wishes of its employees. In addition to performing their normal duties, some Field Station employees have volunteered to receive cross training in pump station operations. This resulted from a reorganization within OMD and is intended to supplement OMD's Pump Station Division's otherwise limited resources during a rain event. These employees generally incur more overtime than the other Field Station employees who have not volunteered for this training.

Some of the negative impacts of overtime that can occur include:

- excessive costs through the payment of a halftime premium,
- decreased labor efficiency and productivity,
- increased absenteeism,
- increased likelihood of accidents and injuries resulting in increased workers'

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- compensation costs,
  - diminished work quality, and
  - decreased employee morale.

OMD management pointed out some benefits of overtime including:

- having trained reliable manpower available during non-routine working hours,
- the ability to complete time sensitive projects without having to hire additional employees or outside contractors,
- the ability to react quickly to emergencies, and
- savings on fuel costs and travel time by not having to shut jobs down at the end of 8-hour shifts.

OMD management is cognizant of the amount of overtime worked and has taken steps to reduce the overtime that is controllable, e.g. field station employees are being cross-trained to assist in the operation of pump stations during storm events. Significant progress has been made to decrease overtime. For the first two quarters of FY97, OMD paid overtime of \$254,000 as compared to \$740,000 for the same period in FY96. Much of the decrease was weather related: the first half of FY97 was not nearly as wet as in FY96 and did not require the same level of pumping operations. Additionally, it is anticipated that the Computerized Maintenance Management System (CMMS) will enable OMD management to identify activities that result in discretionary overtime so that better decision-making strategies can be developed. The amount of time that an employee takes for a particular activity will be input into CMMS and will allow for the reporting of accumulated time for that activity. OMD will be able to determine the resources required for all activities whether they are non-discretionary, discretionary, or customer service related.

When overtime is unavoidable, it is important that a standardized method of assigning overtime be developed and used throughout the District, particularly in OMD. Overtime should be assigned in a manner that is fair and equitable. Overtime should be assigned based upon the best interests of the District and the employees and not based upon the preferences of each individual employee.

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## Recommendations:

### The Operations & Maintenance Department should:

1. **Develop a rotational overtime roster by job category and geographic location to assign overtime to employees. The rosters should be maintained and reasons for not working overtime should be documented.**

#### Management Response:

OMD agrees to formally document the existing overtime roster. A roster of staff who volunteer to work overtime is prepared by all pump station and field station divisions. However, the staff's reasons for declining overtime are not currently documented. Therefore, quarterly, employees will indicate their desire or lack of desire to work overtime and initial the roster. If the employee checks "no" an explanation will be included. If an employee is called and declines, an explanation will be noted.

Responsible Divisions: Field Stations and Pump Station  
Estimated Completion Date: October 1997

2. **Document the reasons for the use of overtime. CMMS can be used to monitor and control overtime usage.**

#### Management Response:

OMD concurs with the recommendation and is in the process of implementing a reliable cost accounting system that will provide accurate data to be utilized in cost management. The primary modules of the Computerized Maintenance Management System (CMMS) went on-line in October 1996.

Additionally, OMD's Overtime Committee will establish an annual maximum number of hours overtime that an employee can work.

Responsible Divisions: Field Stations and Pump Station  
Estimated Completion Date: On-going



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3. **Expand their cross training program for vital functions so that when emergency conditions arise the work can be more evenly distributed.**

Management Response:

OMD concurs with the recommendation to cross-train whenever feasible and has done so as in the case of the Field Station/Pump Station Integration Program. The department is committed to continuing improvements in this area to the fullest extent feasible, taking into consideration the complexity of skills required.

Responsible Divisions: Field Stations and Pump Station  
Estimated Completion Date: On-going

**The Management Services Department should:**

4. **At a minimum, ensure that Risk Management's recommendation with respect to 16 hour maximum work days with a break of eight hours between shifts be incorporated into the District's Overtime Policy. In light of the actual overtime usage by OMD, Risk Management should revisit their recommendation with a view towards establishing stricter guidelines.**

Management Response:

Management concurs with the recommendation. Internal discussion with affected departments must occur to determine a feasible number of consecutive hours that employees may work. We also need to address the maximum hours to be worked during emergency events. A survey will be conducted of other organizations for guidance. The maximum number of consecutive hours employees will be allowed to work will be described in the HOURS OF WORK AND OVERTIME policy which is currently under development.

Responsible Division: Human Resources Employment Unit  
Estimated Completion Date: December 1997

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## **Overtime Assigned and Paid Concomitant with Sick Leave Usage**

When an employee calls in sick, and the sum of the sick leave hours taken and hours actually worked do not exceed 40 hours in a workweek, the sick leave hours are paid at the employee's regular rate of pay. However, when the combined sick leave hours and work hours exceed 40 hours in a workweek, the excess is paid at a rate of 1.5 times the regular rate. Each hour of sick leave taken by an employee increases the number of hours for which time and a half is paid, by one hour. This effectively results in paying sick leave at the overtime rate. Of the 20,440 total hours of overtime earned by OMD's top 39 FY96 overtime earners, 1,150, or 6 percent, were earned in this manner. Ten of these employees earned in excess of 40 hours overtime with one individual earning 87.5 hours of overtime as a result of sick leave taken.

It is the District's policy to include, in the computation of overtime, certain hours for which no work was performed. In addition to sick leave, this includes the on-call work time credit, call-in supplemental time, holiday leave and annual leave (if requested 2 weeks in advance). To illustrate how an employee gets paid overtime for sick leave hours, see the following scenarios that actually occurred under the current policy:

**Example 1:** A carpenter at the West Palm Beach Field Station was scheduled to work four 10 hour days a week. In the first week<sup>3</sup> of the pay period he worked 10 hours each on Thursday, Friday, Monday and Tuesday. In the second week of the pay period he worked ten hours each on Friday, Monday, Tuesday and Wednesday. In both weeks he worked four 10 hour days, however, in the second week we calculated he received an additional \$249.60 of pay. The difference was not the result of a pay raise, rather, it was due to the fact that the employee called in sick on Thursday of the second week which resulted in him being paid for 10 hours of overtime.

**Example 2:** A diesel engine operator worked the first six days of the week, Thursday through Tuesday, for a total of 65 hours. He called in sick on Wednesday, the last day of the workweek, which resulted in 10 hours of overtime, in addition to the 25 hours of overtime that he actually worked. This 10 hours of additional overtime resulted in an estimated \$245 additional pay.

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The workweek commences on Thursday and ends the following Wednesday.

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Example 3: The same diesel engine operator as in Example 2 above, called in sick the first two days of the week and was credited with 16 hours of sick leave. He was permitted to work a total of 41 hours in the next five days. This resulted in 17 hours of overtime being paid, 16, which were a direct result of the sick leave taken. The 16 hours resulted in an estimated \$392 of additional compensation to him.

As previously mentioned, in addition to sick leave, on-call and call-in time credited are considered as hours worked for the purpose of calculating overtime. On-Call Status work time credit is paid at a rate of 1/2 hour a day during the week and 2 hours a day during weekend and holiday periods. Call-In work time credit results when an employee is requested to work hours not continuous with his schedule. For this, the employee receives the greater of 4 hours pay or actual hours worked plus one hour. If an employee is placed on-call for one week, and if you assume that the employee normally works a 40-hour week, he will receive pay for 6 1/2 hours of overtime (approximately \$161 for the employee in Example 1), for hours not actually worked.

When employees are routinely working overtime, it increases the likelihood that sick leave will be incurred in the same period. However, allowing employees to charge sick leave during the same week that overtime is worked is a questionable practice. Paying employees an overtime premium encourages sick leave abuse. We noted an instance where an employee took 65 hours of sick leave during FY96. Sixty-two of those hours occurred in the same pay period he worked overtime for which he received an additional \$1,836. This occurred during 13 of the 23 pay periods where overtime was worked. Another employee, who took 100 hours of sick leave during FY96, earned \$1,869 for 87.5 hours of sick leave that resulted in additional overtime.

This District appears to be unnecessarily liberal in its overtime policies. The Fair Labor Standards Act (the "FLSA") does not require hours not worked to be included in the computation of overtime. The FLSA only requires that time worked in excess of 40 hours per week be paid at time-and-a-half. Currently, the St. Johns Water Management District does not include annual leave or sick leave towards the computation of overtime pay. The Southwest Florida Water Management District's overtime policy was the same as the District's, however, they have adopted a new policy, effective July 21, 1997, that considers only holiday hours and actual hours worked in the computation of overtime.

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**Recommendations:**

**The Operations & Maintenance Department should:**

- 5. Curtail overtime assignments, to the extent possible during workweeks that an employee calls in sick.**

Management Response:

OMD agrees. This issue has been discussed at several OMD Managers meetings reiterating the need to curtail assignments. The existing overtime account watch will be expanded to include a review of sick leave usage and overtime worked.

Responsible Division: Field Stations and Pump Station  
Estimated Completion Date: On-going

**The Management Services Department should consider:**

- 6. Changing the District's overtime policy to exclude hours not worked, with the exception of holiday hours, from the computation of overtime.**

Management Response:

Management concurs with the recommendation. Management will review the practices of other organizations prior to recommending changes to this policy. Several organizations with which the District competes for staff do include paid time off in calculating overtime pay, including Florida Power and Light, Motorola, City of Ft. Lauderdale, Broward County, and Sensormatic. To be competitive, the District may be better served by continuing its current policy. The definition of "hours worked" will be included in the HOURS OF WORK AND OVERTIME policy, which is currently under development.

Responsible Division: Human Resources Employment Unit  
Estimated Completion Date: December 1997

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## **Overtime Policy for Call-in Time Should Be Evaluated**

The District's Overtime Policy provides that a call-in work credit be given when employees are requested to work outside of their normal working hours. Call-in is defined by the policy as a "[r]equest to an employee to report to work at a time outside of, and not continuous with, his/her scheduled working hours." For reporting to work when requested, the employee is entitled to the greater of 4 hours pay or actual hours worked plus one hour. Like sick leave hours, call-in "work credits" count as hours worked for the purpose of computing overtime and will be paid at the overtime rate if actual hours worked, plus other work credits, exceed 40 hours in a week. During FY96, Field Station and Pump Station Division employees, combined, received 1,811 hours of call-in work credit resulting in \$45,000 of additional pay.

The policy requires that (1) a request be made of an employee to report to work, and (2) the employee reports to work at a time outside of and not continuous with the employee's scheduled working hours. The policy does not address when the request is made; however, OMD management has decided that when the request is made is critical to determining when call-in pay is appropriate.

The credit is inconsistently applied in OMD. Two employees could have the same exact shifts and work the same overtime hours, but the employee who was called at home would earn the credit, whereas the employee who was requested to work while at the job site would not. According to OMD's interpretation, if an employee is requested to work while still at the work site, the call-in work credit is not given. OMD considers this to be scheduled overtime. Conversely, if an employee is called at home and a request is made to work, the employee would be entitled to call-in pay. For example, assume that an employee's quitting time on Friday is 4:00 PM and he is not normally scheduled to work on Saturdays. If, on Friday, he were asked at 3:00 PM to work the following Saturday morning he would not be entitled to call-in pay. If, however, he were called at home at 6:00 Friday evening and asked to work the following Saturday morning he would be entitled to call-in pay.

The call-in work credit is given, ostensibly, to provide additional compensation to employees for the inconvenience of having to report to work at unusual hours and on short notice. The employee may have to cancel and/or rearrange personal plans in order to accommodate the District's needs. However, the Fair Labor Standards Act does not require that a premium be paid when employees are called in to work. In addition, extra record keeping time is required to track the call-in work credit.

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**Recommendation:**

**The Management Services Department should:**

**7. Consider eliminating the District's call-in work credit policy.**

**Management Response:**

Management concurs with the recommendation. The decision to implement the call-in work credit, in 1985, was based on labor market information and problems that the District was facing getting employees to report to work at times other than their scheduled working hours and/or volunteering to be on-call. Management will review the practices of other organizations regarding call-in and on-call pay and work time credit prior to recommending implementation of this practice. The application of the policy will be clarified with operating managers. The policy will be reviewed in conjunction with the HOURS OF WORK AND OVERTIME policy that is currently under development.

Responsible Division: Human Resources Employment Unit  
Estimated Completion Date: December 1997

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## **Sick Leave and On-call Status Overtime Paid on the Same Day**

We noted five instances where an employee received on-call status pay while charging the rest of the day to sick leave. In all of these instances the half-hour of on-call status pay was paid at the overtime rate.

Employees are placed on on-call status in order to meet established schedules, project deadlines, pumping operations, or the needs of an emergency situation that may occur after normal working hours. For being on-call, the employee is credited with two hours of work time for each weekend or holiday period and .5 hours for each weekday period. For this, the employee must leave a phone number where he can be reached and must remain within 25 miles of his home in order to respond in a timely fashion.

If an employee is sick, he can't reasonably be expected to be available to come into work at odd hours to handle the kinds of emergency situations that he may be required to.

### **Recommendation:**

#### **For Operations & Maintenance Department:**

- 8. When an employee calls in sick and is also on on-call status another employee should be designated as the on-call person.**

Management Response:

OMD agrees. This has been reiterated at the OMD Managers meetings. The existing account watch will be utilized to review sick leave usage and overtime accrual.

Responsible Division: OMD Managers  
Estimated Completion Date: On-going

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## **Outdated Overtime Policy**

The District's OVERTIME POLICY has not been changed to reflect how the District is compensating exempt employees for overtime hours worked.

The District's OVERTIME POLICY states that "exempt job incumbents will receive Regular Compensatory Leave at a rate of one and one half (1.5) hours for each approved working hour in excess of eighty (80) hours per pay period." This is reiterated in the District's ATTENDANCE AND LEAVE POLICY. In practice, exempt employees receive one hour of Regular Compensatory Leave for every hour worked.

On October 9, 1991, the former Executive Director issued a memo to all District staff regarding "FY92 Budget Effects on Salary Practices." The memo indicated that effective January 1, 1992, regular compensatory leave was to be changed to one hour off for each overtime hour worked. The District's OVERTIME POLICY was never amended to reflect this change in practice.

District policy is communicated to employees through the Employee Handbook. New employees are required to sign an affidavit that they have received the handbook, familiarized themselves with the information in it, and pledge to comply with the policies, requirements and procedures. Approximately 240 exempt employees have joined the District since the date of the memo and have never been formally informed of the change in practice.

When District practices conflict with formal policy, or when policies are applied inconsistently, it could cause employees to perceive, whether true or not, that they are being unfairly discriminated against. While it is important for the District to continue to review all complaints, a fair amount of work effort is attributed to such complaints. Any effort to more consistently apply policy should assist in the effort to reduce some of these complaints.

### **Recommendation:**

#### **For the Management Services Department:**

- 9. The District's OVERTIME POLICY should be amended to reflect the change in regular compensatory leave as communicated in the October 9, 1991 memo.**

Management Response:



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Management concurs with the recommendation and has incorporated the 1991 change, which is consistent with the state of Florida's policy, in the draft policy. The revision that exempt employees receive regular compensatory time at one time their rate will be incorporated in the HOURS OF WORK AND OVERTIME policy which is currently under development.

Responsible Division: Human Resources Employment Unit  
Estimated Completion Date: December 1997

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## **Policy for Payment of Overtime as a Result of Training Needs Clarification**

We noted one instance where a District policy needs to be clarified so that it conforms with the federal labor laws and District practice as it relates to non-exempt employees.

The District's ATTENDANCE AND LEAVE POLICY 03.30042 5. states:

"[w]hen overtime occurs for training purposes, a Division director shall allow the employee equal time off...in the same pay period. When this is not possible, the employee will be compensated on an hour-for-hour basis according to his/her designated overtime status."

For employees who are considered non-exempt, the Fair Labor Standards Act requires payment of overtime, at one and one-half times the regular rate of pay, as opposed to the District policy of an hour-for-hour basis, for all hours worked in excess of 40 hours a week.

### **Recommendation:**

#### **For the Management Services Department:**

- 10. The District's ATTENDANCE AND LEAVE POLICY should be amended to eliminate the discussion of overtime.**

#### **Management Response:**

Management concurs with the recommendation. The revision to differentiate between exempt and non-exempt payment of overtime or compensatory time will be incorporated in HOURS OF WORK AND OVERTIME policy that is currently under development.

Responsible Division: Human Resources Employment Unit  
Estimated Completion Date: December 1997

**OMD EMPLOYEES WITH 400 HOURS OR GREATER OVERTIME**

For Fiscal Year Ended September 30, 1996

LOCATION/JOB DESCRIPTION	O/T HOURS	O/T PAY (a)	BASE PAY (b)	TOTAL (a)+(b)=(c)	% BASE PAY (a)/(c)
<b>WEST PALM BEACH FIELD STATION</b>					
Shop Supervisor 2	571	\$16,740	\$41,049	\$57,789	41%
Trades Supervisor 1	537	13,735	38,420	52,155	36%
Shop Supervisor 2	434	13,358	43,087	56,445	31%
Carpenter	416	10,321	34,448	44,769	30%
<b>MIAMI FIELD STATION</b>					
Excavation/Earthmoving Operator	451	\$9,271	\$28,671	\$37,942	32%
<b>HOMESTEAD FIELD STATION</b>					
Excavation/Earthmoving Operator	509	\$12,615	\$34,491	\$47,106	37%
Excavation/Earthmoving Operator	405	7,935	26,799	34,734	30%
<b>FT. LAUDERDALE FIELD STATION</b>					
Excavation/Earthmoving Operator	467	\$7,977	\$23,961	\$31,938	33%
Craft Supervisor	424	13,340	43,682	57,022	31%
<b>CLEWSTON FIELD STATION</b>					
Heavy Equipment Mechanic	482	\$11,967	\$33,968	\$45,935	35%
<b>OKEECHOBEE FIELD STATION</b>					
Master Crane/Dragline Operator	644	\$13,031	\$28,142	\$41,173	46%
Craft Supervisor	518	13,008	34,735	47,743	37%
Excavation/Earthmoving Operator	514	11,274	30,410	41,684	37%
Excavation/Earthmoving Operator	493	10,249	28,977	39,226	35%
Automotive Mechanic	426	9,203	30,171	39,374	31%
Master Crane/Dragline Operator	416	12,074	40,300	52,374	30%
<b>KISSIMMEE FIELD STATION</b>					
Vegetation Management Technician	404	\$9,043	\$30,885	\$39,928	29%
<b>PUMP STATION DIVISION</b>					
Trades Supervisor 2	930	\$27,938	\$41,834	\$69,772	67%
LS Diesel Engine Operator	866	24,708	39,756	64,464	62%
Stat Diesel Engine Operator	821	15,876	26,829	42,705	59%
Stat Diesel Engine Operator	783	16,393	29,046	45,439	56%
Diesel Engine Mechanics	598	12,419	29,617	42,036	42%
Trades Supervisor 2	597	18,690	43,389	62,079	43%
LS Diesel Engine Operator	557	14,656	36,600	51,256	40%
Trades Supervisor 2	539	16,889	43,430	60,319	39%
Trades Supervisor 2	539	17,448	44,769	62,217	39%
LS Diesel Engine Operator	522	15,059	40,198	55,257	37%
Trades Supervisor 2	503	10,560	29,898	40,458	35%
Diesel Engine Mechanics	502	10,907	30,366	41,273	36%
LS Diesel Engine Operator	501	11,380	32,145	43,525	35%
Stat Diesel Engine Operator	496	12,223	34,363	46,586	36%
Trades Supervisor 2	486	15,355	44,026	59,381	35%
Stat Diesel Engine Operator	468	8,617	25,549	34,166	34%
LS Diesel Engine Operator	466	10,880	32,570	43,450	33%
Trades Supervisor 2	450	14,356	44,466	58,822	32%
LS Diesel Engine Operator	448	11,283	35,094	46,377	32%
Stat Diesel Engine Operator	439	10,913	33,966	44,879	32%
Trades Supervisor 2	424	11,894	39,037	50,931	30%
Trades Supervisor 2	417	12,803	42,586	55,389	30%
<b>TOTALS</b>	<b>20,463</b>	<b>\$516,388</b>	<b>\$1,371,730</b>	<b>\$1,888,118</b>	<b>38%</b>

**OMD EMPLOYEES WITH 400 HOURS OF GREATER OVERTIME****For Fiscal Year Ended September 30, 1996**

OMD provided the following reasons why the thirty-nine employees worked 400 hours or more of overtime:

Twenty-six of the thirty-nine employees were pump station employees and employees at the field stations that support pumping operations. These employees work in a particular geographic location and based on the weather in their area were called upon to work overtime. These assignments require specific pump station skills/training, which reduces the pool of available staff.

A significant number of the thirty-nine employees worked overtime on the Lake Kissimmee Muck Removal Project. Employees at various field stations were brought in to work on the project based on the skills required. As feasible, personnel were rotated. However, on a project having such unusual characteristics once employees are familiar with the project and the site, significant rotation is not feasible from an efficiency and effectiveness point of view. One of the thirty-nine employees working on this project occupied the only Master Crane Operation position in the District. His skills were a requirement for the project. When employees are being used for a project from other geographical locations (i.e., Homestead to Kissimmee, etc.) it is often more cost effective to pay overtime to complete the project as soon as possible rather than lose work hours due to excessive long distance travel for an extended period of time. Due to the wet season deadline, it was not feasible to extend the duration of the drawdown project.

Seven of ten employees who worked overtime in at least twenty-three out of twenty-six pay periods, worked at the pump station. This overtime was associated with pumping operations. FY96 was not a normal year. The budget for pumping is based on the movement of 1.5 million acre feet of water. The FY96 pumping calculation, which is based on running hours, indicated the movement of 3.7 million acre feet, which is 2.2 million acre feet above normal in FY96. Two of the ten employees to whom overtime was attributed were providing customer service in the area of automotive maintenance and repair. One employee is a supervisor at the field station, which during the period of time, was under the operation of a single manager. This resulted in increased responsibilities for all supervisors. In addition, this individual became the supervisor of two crews after the departure of the other supervisor.